

**CITY OF BISMARCK DEFERRED SICK LEAVE FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2006**

	August-06				July-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Actual	Month	Market Value	Allocation	Actual	Month	FYTD	FY06	Ended	Ended
				Net ROR				Net ROR	Net	Net	6/30/2006	6/30/2006
											Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>												
<i>Structured Growth</i>												
Los Angeles Capital	15,892	2.1%	2.3%	2.18%	15,317	2.1%	2.3%	-3.69%	-1.59%	11.12%	N/A	N/A
<b>Total Structured Growth</b>	<b>15,892</b>	<b>2.1%</b>	<b>2.3%</b>	<b>2.18%</b>	<b>15,317</b>	<b>2.1%</b>	<b>2.3%</b>	<b>-3.69%</b>	<b>-1.59%</b>	<b>11.12%</b>	<b>12.01%</b>	<b>-0.32%</b>
<i>Russell 1000 Growth</i>				3.12%				-1.90%	1.16%	6.12%	8.35%	-0.76%
<i>Structured Value</i>												
<b>LSV</b>	<b>17,747</b>	<b>2.3%</b>	<b>2.3%</b>	<b>0.96%</b>	<b>17,316</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.03%</b>	<b>3.00%</b>	<b>15.05%</b>	<b>21.14%</b>	<b>12.22%</b>
<i>Russell 1000 Value</i>				1.67%				2.43%	4.14%	12.10%	15.70%	6.89%
<i>Russell 1000 Enhanced Index</i>												
<b>LA Capital</b>	<b>31,861</b>	<b>4.2%</b>	<b>4.5%</b>	<b>2.07%</b>	<b>30,740</b>	<b>4.1%</b>	<b>4.5%</b>	<b>-1.08%</b>	<b>0.97%</b>	<b>11.58%</b>	<b>N/A</b>	<b>N/A</b>
<i>Russell 1000</i>				2.40%				0.22%	2.62%	9.08%	N/A	N/A
<i>S&amp;P 500 Enhanced Index</i>												
<b>Westridge</b>	<b>38,259</b>	<b>5.0%</b>	<b>4.5%</b>	<b>2.41%</b>	<b>36,793</b>	<b>4.9%</b>	<b>4.5%</b>	<b>0.65%</b>	<b>3.07%</b>	<b>8.77%</b>	<b>N/A</b>	<b>N/A</b>
<i>S&amp;P 500</i>				2.38%				0.62%	3.01%	8.63%	N/A	N/A
<i>Index</i>												
State Street	11,818			2.06%	11,401			0.85%	2.93%	9.51%	11.47%	2.62%
<b>Total Index</b>	<b>11,818</b>	<b>1.6%</b>	<b>1.5%</b>	<b>2.06%</b>	<b>11,401</b>	<b>1.5%</b>	<b>1.5%</b>	<b>0.85%</b>	<b>2.93%</b>	<b>9.51%</b>	<b>11.47%</b>	<b>2.62%</b>
<i>S&amp;P 500</i>				2.38%				0.62%	3.01%	8.63%	11.22%	2.49%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>115,577</b>	<b>15.2%</b>	<b>15.0%</b>	<b>2.02%</b>	<b>111,568</b>	<b>14.9%</b>	<b>15.0%</b>	<b>-0.22%</b>	<b>1.79%</b>	<b>10.95%</b>	<b>13.63%</b>	<b>3.95%</b>
<i>S&amp;P 500</i>				2.38%				0.62%	3.01%	8.63%	11.22%	2.49%
<b>SMALL CAP DOMESTIC EQUITY</b>												
<i>Manager-of-Managers</i>												
<b>SEI</b>	<b>38,546</b>	<b>5.1%</b>	<b>5.0%</b>	<b>2.34%</b>	<b>33,972</b>	<b>4.5%</b>	<b>5.0%</b>	<b>-3.55%</b>	<b>-1.29%</b>	<b>13.58%</b>	<b>18.20%</b>	<b>7.84%</b>
<i>Russell 2000 + 200bp</i>				3.13%				-3.09%	-0.06%	16.86%	21.06%	10.38%
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>38,546</b>	<b>5.1%</b>	<b>5.0%</b>	<b>2.34%</b>	<b>33,972</b>	<b>4.5%</b>	<b>5.0%</b>	<b>-3.55%</b>	<b>-1.29%</b>	<b>13.58%</b>	<b>18.20%</b>	<b>7.86%</b>
<i>Russell 2000</i>				2.96%				-3.25%	-0.39%	14.58%	18.70%	8.50%
<b>INTERNATIONAL EQUITY</b>												
<i>Large Cap - Active</i>												
Capital Guardian	31,979	4.2%	4.0%	3.54%	28,918	3.9%	4.0%	0.77%	4.34%	28.07%	20.99%	6.90%
LSV	30,831	4.1%	4.0%	3.02%	28,031	3.8%	4.0%	1.24%	4.29%	27.09%	N/A	N/A
<b>Total Large Cap - Active</b>	<b>62,810</b>	<b>8.3%</b>	<b>8.0%</b>	<b>3.28%</b>	<b>56,948</b>	<b>7.6%</b>	<b>8.0%</b>	<b>1.00%</b>	<b>4.31%</b>	<b>27.66%</b>	<b>21.92%</b>	<b>12.63%</b>
<i>MSCI EAFE - 50% Hedged</i>				2.93%				0.98%	3.94%	26.72%	22.56%	6.89%
<i>Small Cap - Value</i>												
<b>Lazard</b>	<b>7,452</b>	<b>1.0%</b>	<b>1.0%</b>	<b>2.80%</b>	<b>6,781</b>	<b>0.9%</b>	<b>1.0%</b>	<b>-2.41%</b>	<b>0.32%</b>	<b>23.65%</b>	<b>28.06%</b>	<b>N/A</b>
<i>Citigroup Broad Market Index &lt; \$2BN</i>				2.90%				-2.02%	0.82%	29.28%	32.40%	N/A
<i>Small Cap - Growth</i>												
<b>Vanguard</b>	<b>7,581</b>	<b>1.0%</b>	<b>1.0%</b>	<b>2.36%</b>	<b>6,930</b>	<b>0.9%</b>	<b>1.0%</b>	<b>-0.50%</b>	<b>1.85%</b>	<b>29.24%</b>	<b>32.39%</b>	<b>N/A</b>
<i>Citigroup Broad Market Index &lt; \$2BN</i>				2.90%				-2.02%	0.82%	29.28%	32.40%	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>77,843</b>	<b>10.2%</b>	<b>10.0%</b>	<b>3.15%</b>	<b>70,660</b>	<b>9.5%</b>	<b>10.0%</b>	<b>0.51%</b>	<b>3.68%</b>	<b>27.35%</b>	<b>23.83%</b>	<b>8.67%</b>
<i>MSCI EAFE - 50% Hedged</i>				2.93%				0.98%	3.94%	26.72%	22.56%	6.89%
<b>DOMESTIC FIXED INCOME</b>												
<i>Core Bond</i>												
<b>Western Asset</b>	<b>173,233</b>	<b>22.8%</b>	<b>21.7%</b>	<b>1.76%</b>	<b>170,814</b>	<b>22.9%</b>	<b>21.7%</b>	<b>1.65%</b>	<b>3.45%</b>	<b>-0.90%</b>	<b>7.36%</b>	<b>8.59%</b>
<i>Lehman Aggregate</i>				1.53%				1.35%	2.90%	-0.81%	2.05%	4.97%
<i>Core Plus/Enhanced</i>												
Clifton Group	39,454	5.2%	7.2%	1.43%	39,015	5.2%	7.2%	N/A	N/A	N/A	N/A	N/A
Prudential	39,050	5.1%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
<b>Total Core Plus/Enhanced</b>	<b>78,505</b>	<b>10.3%</b>	<b>7.2%</b>	<b>1.43%</b>	<b>39,015</b>	<b>5.2%</b>	<b>7.2%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Lehman Aggregate</i>				1.53%				1.35%				
<i>Index</i>												
<b>Bank of ND</b>	<b>75,352</b>	<b>9.9%</b>	<b>14.4%</b>	<b>1.04%</b>	<b>113,202</b>	<b>15.2%</b>	<b>14.4%</b>	<b>1.08%</b>	<b>2.14%</b>	<b>-1.14%</b>	<b>1.14%</b>	<b>4.90%</b>
<i>Lehman Gov/Credit (1)</i>				1.58%				1.30%	2.90%	-1.52%	1.04%	4.78%
<i>BBB Average Quality</i>												
<b>Wells Capital (formerly Strong)</b>	<b>172,920</b>	<b>22.7%</b>	<b>21.7%</b>	<b>1.95%</b>	<b>170,252</b>	<b>22.8%</b>	<b>21.7%</b>	<b>1.51%</b>	<b>3.49%</b>	<b>-2.11%</b>	<b>2.63%</b>	<b>N/A</b>
<i>Lehman US Credit BAA</i>				2.02%				1.58%	3.63%	-2.37%	2.63%	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>500,010</b>	<b>65.7%</b>	<b>65.0%</b>	<b>1.64%</b>	<b>493,283</b>	<b>66.0%</b>	<b>65.0%</b>	<b>1.43%</b>	<b>3.09%</b>	<b>-1.39%</b>	<b>6.59%</b>	<b>7.79%</b>
<i>Lehman Aggregate (2)</i>				1.53%				1.35%	2.90%	-0.81%	1.84%	5.28%
<b>CASH EQUIVALENTS</b>												
<b>Bank of ND</b>	<b>28,752</b>	<b>3.8%</b>	<b>5.0%</b>	<b>0.45%</b>	<b>37,688</b>	<b>5.0%</b>	<b>5.0%</b>	<b>0.45%</b>	<b>0.90%</b>	<b>4.50%</b>	<b>2.71%</b>	<b>2.42%</b>
<i>90 Day T-Bill</i>				0.44%				0.42%	0.87%	4.00%	2.37%	2.25%
<b>TOTAL DEFERRED SICK LEAVE FUND</b>	<b>760,728</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.81%</b>	<b>747,170</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.81%</b>	<b>2.63%</b>	<b>4.30%</b>	<b>6.64%</b>	<b>5.41%</b>
<i>POLICY TARGET BENCHMARK</i>				1.82%				0.93%	2.76%	4.18%	6.03%	5.30%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.